EU’s Snail Pace To Tackling Supply Chain Abuse

Brussels 31 January 2013 - Acknowledging the abusive buying practices which are widely applied in European grocery supply chains, the European Commission has just launched its European Retail Action Plan and a Green Paper on unfair trading practices. While the paper notes widespread supply chain abuses which disadvantage suppliers, it recommends running a ‘twin-track’ approach where one track experiments with a voluntary weak system managed by trade associations operating close to the retail end of the supply chain.

Whilst the paper is a welcome acknowledgement of the bullying practices employed in the industry, experience shows that a voluntary approach is not credible and the EU should not waste time or resources nor should it give such an approach any legitimacy.

Unfair contracts and the passing on of excessive risks and costs to suppliers not only impact upon the quality and range of the food which we are able to buy, but ultimately result in poorer working conditions for the workers and farmers who contribute their time, skills and capital to produce the food we eat. In countries where there is no free education, health, or other social security provision, poverty wages, forced overtime, and poor health and safety can have devastating consequences on families and communities.

Fiona Gooch, Traidcraft’s Senior Policy Adviser, said:
“As the food industry becomes increasingly global, there must be a case for the EU to ensure some consistency and effective enforcement across all Member States. Failure to act will not only have a detrimental impact on farmers across the EU and in developing countries but will ultimately undermine European citizens’ consumer choice in the long-term. Swift, tough action by the EU is needed to stop unfair business practices being applied within our food supply chains.”

The UK is in the process of establishing a Groceries Code Adjudicator to hold supermarkets to account for the way they treat their suppliers, following the failure of supermarkets to abide by a voluntary code of conduct first implemented in 2000.

It is very disappointing that Europe, where supermarkets wield even more power, because the large retailers are no longer buying for their stores in one market but are now buying for their stores in several European countries is not following their example by moving directly to a similar strong enforcement mechanism able to receive anonymous complaints, initiate investigations and levy penalties to ensure fair business practices are followed.
Says Gooch

"Abusive buying practices result from businesses levering to their advantage the balance of power between themselves and suppliers. The EU needs to step up to the challenge, not wait to see whether a voluntary code will work. The UK experience already demonstrates that it won’t."

For further information, contact for Traidcraft is Fiona Gooch +44 207 242 3955; 0789 4066449

Notes to Editor

- **Traidcraft** fights poverty through trade, helping people in developing countries to transform their lives. Established in 1979, Traidcraft runs development programmes in some of the poorest countries in the world, and campaigns in the UK and internationally to bring about trade justice. Contact for Traidcraft is Fiona Gooch +44 207 242 3955

- **The Fair Trade Advocacy Office** (FTAO) speaks out for Fair Trade and trade justice with the aim to improve trading conditions for marginalised producers and workers in the South. It is a joint initiative of the European Fair Trade Association (EFTA), Fairtrade International (FLO and the World Fair Trade Organization-Europe (WFTO-Europe). These networks bring together over 2 million Fair Trade producers from more than 60 countries, 24 labelling initiatives, hundreds of specialized Fair Trade importers, over 3000 Worldshops and more than 100,000 volunteers. More information under www.fairtrade-advocacy.org